

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 SSO-00 PRS-01 SS-15 OPIC-03

CIAE-00 INR-07 NSAE-00 INRE-00 NEAE-00 /044 W
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FM USINT BAGHDAD

TO SECSTATE WASHDC NIACT IMMEDIATE 3606

USDOC WASHDC NIACT IMMEDIATE

CONFIDENTIAL BAGHDAD 1336

E.O. 11652: GDS

TAGS: BDIS, BENC, IZ, US

SUBJECT: POTENTIAL SCANDAL AFFECTING U.S. FIRM AT RAMADI, IRAQ

1. PLEASE TELEPHONE (713-462-5311) FRANK FISHER, PRESIDENT, OR OTHER SENIOR OFFICER OF INTERNATIONAL D.I.S.C., INC. (IDI), 2001 BRITMORE ROAD, P.O. BOX 40446, HOUSTON, TEXAS 77040, TWX 910-881-6326 (I RESOURCE HOU) AND INFORM HIM THAT DISTURBING SITUATION HAS ARisen IN REGARD TO HIS FIRM'S PROJECT AT RAMADI, 60 MILES WEST OF BAGHDAD, REQUIRING IMMEDIATE PRESENCE OF HEAD OFFICE EXECUTIVE EMPOWERED TO ACT TO INVESTIGATE FACTS AND TO SOLVE PROBLEM. WE BELIEVE IDL VICE PRESIDENT EUGENE JOHNSON HAS ALREADY BEEN GIVEN GUARDED VERSION OF PROBLEM IN TELECON AUGUST 13 WITH INTERNATIONAL D.I.S.C. RESIDENT ENGINEER GEORGE DUNCAN.

2. FYI: DUNCAN CALLED ON USING COMATT AUGUST 13 TO BRIEF ON PROBLEM AT RAMADI, WHERE TWO U.S. FIRMS (IDL AND MAUL BROTHERS) ARE WORKING ON SEPARATE ASPECTS OF PROJECT TO BUILD GLASS BOTTLING PLANT FOR GOI MINISTRY OF INDUSTRIES. ACCORDING TO DUNCAN, THERE HAS BEEN ILLEGAL DIVERSION OF 282 TONS OF IDI CEMENT TO IDI'S FORMER AGENT DHIZ AZIZ GHANNA. DUNCAN ALSO SUSPECTS OTHER SERIOUS FINANCIAL IRREGULARITIES. DUNCAN AND OTHER AMERICAN PERSONNEL (EIGHT PERSONS INCLUDING DEPENDENTS) WERE SAID TO FEAR (A) INABILITY TO PAY IRAQI EMPLOYEES ON 15TH AS SCHEDULED AND (B) THEIR CONFIDENTIAL

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IMMINENT ARREST ON CRIMINAL CHARGES. INDEED, DIS-

GRUNTLED IDI EMPLOYEES SAID TO HAVE KNOWLEDGE OF ALLEGED SWINDLE WERE THOUGHT TO BE EN ROUTE FROM RAMADI TO BAGHDAD MORNING OF SEPTEMBER 13TH TO DENOUNCE DUNCAN AND OTHER AMERICANS.

3. COMMENT: USINT BELIEVES GOI WOULD MOVE VERY CAUTIOUSLY BEFORE ARRESTING ANY AMERICANS OR OTHER FOREIGN CONTRACTORS, BECAUSE OF SCARE EFFECT THIS WOULD HAVE ON FOREIGN BUSINESS COMMUNITY. MORE LIKELY IMMEDIATE GOI REACTION WOULD BE LIFTING OF PASSPORTS OR REFUSAL TO ISSUE EXIT VISAS PENDING INVESTIGATION. WE ARE REASONABLY CONFIDENT GOI WOULD WELCOME PROMPT, AFFIRMATIVE, IN-HOUSE ACTION BY IDI TO INVESTIGATE SITUATION AND ASSURE THAT TERMS OF CONTRACT AND LAWS OF IRAQ BEING COMPLIED WITH. APPARENTLY, IDI IS SURE TO LOSE MONEY ON RAMADI PROJECT BUT SEEKS FUTURE CONTRACTS IN IRAQ AND THEREFORE WISHES TO DO A FIRST CLASS JOB IN RAMADI.

4. COMMENT ON LARGER RAMIFICATIONS OF INCIDENT: RAMADI SITUATION, IF FACTS ALLEGED ARE TRUE AND IF THEY BECAME PUBLIC, COULD LEAD TO SERIOUS LOSS OF PRESTIGE FOR HANDFUL OF OTHER AMERICAN FIRMS NOW ACTIVE IN IRAQ AND WOULD, FOR A YEAR OR MORE, SERIOUSLY JEOPARDIZE CHANCES OF ANY BUT LARGEST, BEST KNOWN U.S. FIRMS TO WIN FUTURE CONTRACTS. WE BELIEVE IT VERY IMPORTANT FOR U.S. COMMERCIAL INTERESTS THAT IDI MANAGEMENT ACT AT ONCE TO INVESTIGATE FACTS AND SET THINGS RIGHT.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BAGHDA01336
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760345-0230
From: BAGHDAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760969/aaaacgjc.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by ElyME>; APPROVED <07 OCT 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POTENTIAL SCANDAL AFFECTING U.S. FIRM AT RAMADI, IRAQ
TAGS: BDIS, BENC, IZ, US
To: STATE COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006